

PATIENT FINANCING AGREEMENT

THIS AGREEMENT made and entered into this 18th day of October, 1999, between MERCY HEALTH SYSTEM whose mailing address is 1 West Elm St, Conshohocken, PA 19428 (herein PROVIDER) and CSI FINANCIAL, INC., 100 North Park Avenue, P.O. Box 182, Helena, MT, 59624 (herein CSI).

WHEREAS, CSI has contracted with The FIRST NATIONAL BANK of MONTANA (herein BANK) to supply PROVIDER's PATIENTS with prompt financing for qualified accounts receivable, and

WHEREAS, PROVIDER being desirous of obtaining prompt funds for its qualified accounts receivable, PROVIDER will participate in a program offered by CSI whereby patients of PROVIDER may be provided financing for sums due PROVIDER for services rendered by PROVIDER as described in this Agreement, and

NOW THEREFORE, in consideration of the terms and provisions of this Agreement, the parties agree as follows:

1. CSI OBLIGATIONS. CSI agrees:

1.1. This Agreement and all transactions performed hereunder by CSI shall be in accordance with all applicable federal, state and local laws, rules and regulations including, without limitation, Truth in Lending laws and as any of the same may be modified or amended from time to time. CSI agrees to indemnify, defend and hold PROVIDER harmless from any claim or liability relating to any violations of the forgoing laws and regulations;

1.2. To provide all forms and documents necessary to facilitate the approval and financing of patient accounts as contemplated by this Agreement and

1.3. Provide assistance in the training of PROVIDER's employees with respect to the procedures and guidelines governing the accounts receivable financing program. CSI will also supply the necessary training material.

1.4. The person who executes this agreement on behalf of CSI is duly authorized to do so.

2. PROVIDER OBLIGATIONS. PROVIDER agrees:

2.1. Qualified accounts of the PROVIDER which have been submitted to CSI for financing, shall be subjected to this agreement. PROVIDER warrants that each such account is a bona fide obligation for goods and services rendered and that it has complied with all applicable federal, state and local laws, rules and regulations and as any of the same may be modified or amended from time to time. PROVIDER agrees to indemnify, defend and hold CSI harmless from any claim or liability relating to the financing of an invalid account receivable.

2.2. To present to CSI, on behalf of its patients, for financing only a valid debt that arises from legal and bona fide provision of goods or services, free of all liens and encumbrances and not subject to offset or counterclaim;

The term Valid Debt refers to those accounts that are owed by the patient to the Provider. All accounts that are transferred to the Bank that should have been purged from the Provider's accounts receivable register, will be charged interest at the rate of fifteen percent (15%) by the Bank to the Provider for the duration of the time the accounts in question remain assigned to the Bank. Provider will be billed for accrued interest on said accounts and the accrued Interest must be paid on or before thirty (30) days after the billing date or until the account(s) is repurchased by the Provider from the Bank.

2.3 To forward directly to the BANK any payment from a patient whose account has been financed by CSI or BANK under the terms of this Agreement.

2.4. Not to assess a surcharge on any transaction for which the patient has requested financing of his/her account by CSI under the terms of this Agreement;

2.5. PROVIDER will furnish a copy of its annual financial report to CSI to be furnished to BANK at the end of such PROVIDER's fiscal year for each year in which CSI or BANK holds an unpaid account financed by Bank.

2.6. The person who executes this agreement on behalf of PROVIDER is duly authorized to do so.

3. TRADEMARKS AND TRADE NAMES. Both CSI and the PROVIDER agree that all trademarks and trade names shall remain the exclusive property of the respective parties. The PROVIDER may display the service marks and other materials provided by CSI if it so desires.

4. **ACCOUNT ADJUSTMENTS.** PROVIDER agrees to establish and maintain a fair and uniform policy to resolve disputes involving its patients' accounts that have been financed by CSI. All disputes involving the goods or services shall be settled between PROVIDER and the Patient; PROVIDER agrees to indemnify, defend and hold CSI and BANK harmless from any claim or liability relating to any such dispute between a patient and PROVIDER. In addition, CSI agrees to indemnify the Hospital against any liability arising out of disputes between CSI and the patient.

5. **REIMBURSEMENT BY PROVIDER.** PROVIDER understands and agrees that accounts acquired for financing by CSI under this Agreement will be financed by the BANK. PROVIDER understands that CSI is the administrator of all accounts. PROVIDER agrees to deal only with CSI with respect to administrative, settlement and accounting inquiries. PROVIDER agrees to pay directly to the BANK on demand ninety two (92%) percent of the balance then due on any account which was acquired for financing from PROVIDER by CSI, that the BANK requires CSI to repurchase. PROVIDER will not be held responsible for CSI'S 8% prorated fee on unpaid accounts. The obligation hereunder for PROVIDER to reimburse CSI is limited to the following circumstances and the circumstances described in paragraph 7.

5.1. transactions in which the patient disputes liability for the services;

5.2. transactions that are fraudulent or illegal.

6. **PAYMENT OF FEES.** PROVIDER will pay to CSI a fee of eight percent (8%) for the processing and settlement of all accounts financed by CSI and the BANK. The fee will be paid by discounting accounts as they are acquired for financing by CSI by the amount of the fee provided for above. The BANK will electronically deposit ninety two percent (92%) of the financed account balance directly into PROVIDER'S bank account and the remaining eight percent (8%) directly into CSI'S bank account.

7. **RECOURSE.** At the end of each calendar month during which BANK or CSI holds any account acquired for financing from PROVIDER, CSI will automatically present to the PROVIDER for repurchase all accounts that are delinquent for 90 days. PROVIDER agrees to reimburse directly to the BANK upon notification by CSI, ninety two (92%) percent of the balance then due on any account that has become 90 days delinquent during the preceding calendar month. CSI will give immediate notice to PROVIDER of all accounts which are ninety days delinquent. PROVIDER will not be held responsible for CSI'S 8% prorated fee on any unpaid

accounts. CSI will pay to the BANK all of the charges that are in excess of the original balance financed by the patient. CSI and BANK shall have the right of offset against sums due PROVIDER under this Agreement for the amount of any delinquent reimbursement obligations that exceed thirty (30) days.

8. **AMENDMENT.** This Agreement may not be amended except by written agreement between the parties.

9. **THIRD PARTY BENEFICIARY.** PROVIDER acknowledges that Bank is a third party beneficiary of this Agreement and agrees that BANK may directly enforce the provisions hereof in its own name and for its own benefit, provided the BANK has made a reasonable effort to enforce the provisions through CSI.

10. **TERMINATION.** CSI or PROVIDER may terminate this Agreement without notice for a material breach. In such case the terminating party will not be held liable for any direct or consequential damages incurred by the breaching party as the result of termination. Termination shall not affect the obligations of PROVIDER with respect to accounts acquired for financing by CSI prior to termination. This agreement is for a term of one year and shall be automatically renewed for successive one year periods unless Notice of Termination is given by any party thirty (30) days prior to the anniversary date hereof. Either party may terminate this agreement, without cause, upon providing the other party 60-day written notice, certified mail, return receipt requested to the address set forth above.

11. **EFFECTIVE DATE, BINDING EFFECT.** This Agreement shall be effective upon its execution by both parties and shall bind the successors, assignees and representatives of the parties.

12. **ATTORNEYS FEES.** Should it be necessary for either party to initiate legal action to enforce or interpret this Agreement, the prevailing party shall be entitled to all costs and expenses, including reasonable attorney's fees, incurred as a result of such legal action.

13. **ASSIGNABILITY.** This Agreement is not assignable without the prior written consent of the other party, except that either may assign this Agreement or the administration or servicing hereof to an affiliate upon written notice to the other.

14. **CONFIDENTIALITY.** PROVIDER recognizes CSI's proprietary

interest in the financing plan in this agreement and agrees not to disclose this contract embodied or information concerning CSI's financing plan to other parties.

15. **SEVERABILITY.** If any part of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of the Agreement shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have signed this Agreement the day and year first above written.

PROVIDER: MERCY HEALTH SYSTEM

By: 

Title: SR VP Finance MBS

CSI FINANCIAL, INC.

By: 

Title: CEO

FIRST NATIONAL BANK OF MONTANA

By: 

Title: AVP